

Current Class: UNCLASSIFIED  
Current Handling: SBU  
Document Number: 2001BOGOTA02800

UNCLASSIFIED

Page: 1

Channel: n/a

<<<>>>

UNCLASSIFIED

PTQ5214

(243)

PAGE 01 BOGOTA 02800 01 OF 03 271439Z  
ACTION WHA-00

RELEASED IN FULL

INFO	LOG-00	NP-00	AID-00	CEA-01	CTME-00	INL-00	DINT-00
	DODE-00	ITCE-00	DOTE-00	SRPP-00	EB-00	EXME-00	E-00
	FAAE-00	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
	ITC-01	L-00	VCE-00	AC-01	NSAE-00	OES-01	OMB-01
	OPIC-01	PC-05	PM-00	PRS-00	ACE-00	SP-00	SSO-00
	SS-00	STR-00	TEST-00	TRSE-00	USIE-00	EPAE-00	PMB-00
	DRL-02	G-00	NFAT-00	SAS-00	/014W		

-----D7AB99 271439Z /38

P 271429Z MAR 01  
FM AMEMBASSY BOGOTA  
TO SECSTATE WASHDC PRIORITY 0572  
INFO USDOC WASHDC  
DEPT OF ENERGY WASHDC  
AMEMBASSY LIMA  
AMEMBASSY CARACAS  
AMEMBASSY QUITO  
AMEMBASSY LA PAZ  
AMEMBASSY PANAMA  
CIA WASHDC  
DIA WASHDC  
NSC WASHDC  
USCINCSO MIAMI FL//

UNCLAS SECTION 01 OF 03 BOGOTA 002800

SENSITIVE

UNCLASSIFIED

PAGE 02 BOGOTA 02800 01 OF 03 271439Z  
STATE FOR WHA/AND, WHA/ESPC  
STATE PASS OPIC FOR DMORENESE  
STATE PASS EXIMBANK FOR AMERICAS DIVISION  
COMMERCE FOR 4331/IEP/OLA/AND/JANGLIN AND FOR  
3134/USFCS/IOI/WH/DLUTTER  
ENERGY FOR GARY WARD AND ERIKA BENSEN

E.O. 12958: N/A  
TAGS: EPET, ENRG, ECON, CO  
SUBJECT: AMBASSADOR AND ECOPETROL PRESIDENT DISCUSS  
FUTURE OF OIL SECTOR

Current Class: UNCLASSIFIED

Page: 1

UNCLASSIFIED

Current Class: UNCLASSIFIED UNCLASSIFIED  
Current Handling: SBU  
Document Number: 2001BOGOTA02800

Page: 2  
Channel: n/a

REF: BOGOTA 2575

1. (U) SENSITIVE BUT UNCLASSIFIED. PLEASE PROTECT ACCORDINGLY.

2. (SBU) SUMMARY: DURING A BREAKFAST WITH THE AMBASSADOR, ECOPETROL PRESIDENT ALBERTO CALDERON LAID OUT THE MANY ASPECTS OF ECOPETROL'S INVESTMENT PROMOTION PROGRAM. THE EFFORTS HAVE PAID OFF WITH NINE MAJOR CORPORATIONS, INCLUDING EXXON, INVOLVED IN THE MOST RECENT ROUND OF EXPLORATION BIDS. CALDERON AND HIS STAFF EXPRESSED SUPPORT FOR OXY DURING THE CURRENT SPATE OF HITS ON THE CANO LIMON PIPELINE (REFTEL), AND STATED THAT THEY ARE LOOKING FOR ALTERNATIVE SOLUTIONS. CALDERON ALSO TOOK THE TIME TO REITERATE HIS SUPPORT OF THE NATURAL GAS PRICING BILL IN THE SENATE AND TO BRIEF THE AMBASSADOR ON SOME CONTEMPLATED JOINT PROJECTS WITH VENEZUELA'S PDVSA. END SUMMARY.

UNCLASSIFIED

PAGE 03 BOGOTA 02800 01 OF 03 271439Z

-----  
ECOPETROL AND PDVSA  
-----

3. (SBU) ON MARCH 21, AMBASSADOR MET WITH ECOPETROL PRESIDENT ALBERTO CALDERON TO DISCUSS THE STATUS OF THE OIL SECTOR IN COLOMBIA TODAY. ALSO IN ATTENDANCE WERE ECOPETROL VP FOR EXPLORATION VICTOR EDUARDO PEREZ AND ASSISTANT VP FOR EXPLORATION TOMAS VILLAMIL, COMMERCIAL COUNSELOR, ECONOFF AND COMMERCIAL FSN. TO OPEN THE MEETING, CALDERON SAID HE HAD JUST RETURNED FROM CHILE WHERE HE MET WITH VENEZUELAN PDVSA PRESIDENT AND DISCUSSED JOINT PROJECTS. PRIMARY EFFORTS ARE FOCUSED ON SHIPPING TEXACO NATURAL GAS FROM THE GUAJIRA DEPARTMENT TO THE VENEZUELAN WELLS IN MARACAIBO FOR RE-INJECTION TO INCREASE PUMPING PRESSURE. ACCORDING TO CALDERON, NATURAL GAS WAS TO BE AN AGENDA ITEM FOR THE PASTRANA AND CHAVEZ MEETING ON MARCH 23.

-----  
PROMOTING GROWTH  
-----

4. (SBU) CALDERON DISCUSSED AT LENGTH ECOPETROL'S STRONG PUSH TO PROMOTE INVESTMENT IN COLOMBIA'S OIL SECTOR. AT MEETINGS WITH PROSPECTIVE COMPANIES, ECOPETROL PROVIDES UP TO FIVE CD ROMS OF GEOLOGIC AND SEISMIC DATA, THEREBY REDUCING THE INITIAL EXPLORATORY WORK BY HALF AND PROVIDING A STRONG INCENTIVE FOR THE

Current Class: UNCLASSIFIED

Page: 2

UNCLASSIFIED

Current Class: UNCLASSIFIED  
Current Handling: SBU  
Document Number: 2001BOGOTA02800

Page: 3

Channel: n/a

COMPANIES TO INVEST. ECOPETROL IS ALSO TAKING  
ADVANTAGE OF COLOMBIA AND BRAZIL'S POSITION AS THE TWO  
MAIN AREAS OF OIL INVESTMENT INTEREST IN LATIN AMERICA,  
WITH COLOMBIA CONSIDERED TO HAVE THE MOST FAVORABLE

UNCLASSIFIED

PAGE 04            BOGOTA 02800 01 OF 03 271439Z  
FISCAL TERMS. DURING HIS PITCHES TO INVESTORS CALDERON  
EMPHASIZES THAT COLOMBIA'S OIL SECTOR IS "UNEXPLORED  
BUT WITH INFRASTRUCTURE," MEANING THAT ALTHOUGH MOST  
RESERVES ARE UNEXPLOITED, THE PIPELINE AND PORT  
INFRASTRUCTURE IS ALREADY IN PLACE. ECOPETROL IS  
ENCOUNTERING A SERIOUS PROBLEM, HOWEVER, WITH THE STATE  
DEPARTMENT TRAVEL ADVISORY. ALTHOUGH FIELD PEOPLE FROM  
INTERESTED COMPANIES FEEL THAT THE SECURITY SITUATION  
IS MANAGEABLE, EXECUTIVES AND BOARDS ARE MORE OFTEN  
GUIDED BY THE TRAVEL ADVISORY. CALDERON STATED THAT  
THESE FEARS ARE CAUSING THE US TO LOSE OUT TO CANADIAN  
AND EUROPEAN INVESTORS. THE AMBASSADOR EXPRESSED  
UNDERSTANDING, BUT EMPHASIZED HER RESPONSIBILITY TO  
TOURISTS WHO ARE OFTEN NOT AS SECURITY SAVVY AS  
CORPORATIONS. THE COMMERCIAL COUNSELOR ADDED THAT SHE  
SPENDS A LOT OF TIME CONVINCING BOARDS THAT SECURITY  
HERE IS MANAGEABLE AND WOULD BE HAPPY TO SPEAK WITH  
ANYONE ECOPETROL WOULD LIKE TO REFER FOR A DETAILED  
DISCUSSION ABOUT SECURITY. SHE DID ACKNOWLEDGE,  
HOWEVER, THAT CORPORATE LAWYERS SOMETIMES ADVISE  
EXECUTIVES THAT TAKING ACTION THAT COULD BE CONSTRUED  
AS IGNORING THE TRAVEL ADVISORY COULD RAISE CORPORATE  
LIABILITY ISSUES, THUS MAKING HER TASK MORE  
CHALLENGING.

UNCLASSIFIED

UNCLASSIFIED            PTQ5215

PAGE 01            BOGOTA 02800 02 OF 03 271439Z  
ACTION WHA-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CTME-00	INL-00	DINT-00
	DODE-00	ITCE-00	DOTE-00	SRPP-00	EB-00	EXME-00	E-00
	FAAE-00	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
	ITC-01	L-00	VCE-00	AC-01	NSAE-00	OES-01	OMB-01
	OPIC-01	PC-05	PM-00	PRS-00	ACE-00	SP-00	SSO-00
	SS-00	STR-00	TEST-00	TRSE-00	USIE-00	EPAE-00	PMB-00
	DRL-02	G-00	NFAT-00	SAS-00	/014W		

-----D7ABA3 271439Z /38

P 271429Z MAR 01  
FM AMEMBASSY BOGOTA

Current Class: UNCLASSIFIED

Page: 3

UNCLASSIFIED

Current Class: UNCLASSIFIED UNCLASSIFIED  
Current Handling: SBU  
Document Number: 2001BOGOTA02800

Page: 4

Channel: n/a

TO SECSTATE WASHDC PRIORITY 0573  
INFO USDOC WASHDC  
DEPT OF ENERGY WASHDC  
AMEMBASSY LIMA  
AMEMBASSY CARACAS  
AMEMBASSY QUITO  
AMEMBASSY LA PAZ  
AMEMBASSY PANAMA  
CIA WASHDC  
DIA WASHDC  
NSC WASHDC  
USCINCSO MIAMI FL//

UNCLAS SECTION 02 OF 03 BOGOTA 002800

SENSITIVE

UNCLASSIFIED

PAGE 02 BOGOTA 02800 02 OF 03 271439Z  
STATE FOR WHA/AND, WHA/ESPC  
STATE PASS OPIC FOR DMORENESE  
STATE PASS EXIMBANK FOR AMERICAS DIVISION  
COMMERCE FOR 4331/IEP/OLA/AND/JANGLIN AND FOR  
3134/USFCS/IOI/WH/DLUTTER  
ENERGY FOR GARY WARD AND ERIKA BENSEN

E.O. 12958: N/A  
TAGS: EPET, ENRG, ECON, CO  
SUBJECT: AMBASSADOR AND ECOPETROL PRESIDENT DISCUSS  
FUTURE OF OIL SECTOR

5. (SBU) AS AN EXAMPLE OF THE SUCCESS OF ECOPETROL'S  
PROMOTION EFFORTS, CALDERON STATED THAT ON MARCH 21  
ECOPETROL CLOSED THE EXPLORATION BID REQUEST PERIOD FOR  
FIVE FIELDS LOCATED IN THE FOOTHILLS OF COLOMBIA'S  
EASTERN MOUNTAIN RANGE. CALDERON SAID NINE LARGE  
COMPANIES PARTICIPATED INCLUDING OXY, TALISMAN, ALBERTA  
AND EXXON. CALDERON REQUESTED THE AMBASSADOR'S HELP IN  
GETTING EXXON TO COME BACK TO COLOMBIA FOR THE FIRST  
TIME IN 10 YEARS. THREE OF THE FIVE FIELDS FORM PART  
OF CALDERON'S NEW FIELD TARGETING PROJECT. A SMALL  
GROUP OF TOP LEVEL ECOPETROL EXECUTIVES, INCLUDING  
CALDERON HIMSELF, PERSONALLY FOCUS ON THE DEVELOPMENT  
OF SEVEN TARGET FIELDS TO ENSURE EFFICIENT EXPLORATIONS  
AND A SMOOTH TRANSITION TO PRODUCTION. ECOPETROL  
BELIEVES THERE IS AN 80 PERCENT CHANCE THAT ONE OF THE  
SEVEN TARGETED FIELDS WILL BE COLOMBIA'S NEXT 300  
MILLION-BARREL FIELD. IN THE SAME BREATH, HOWEVER,

Current Class: UNCLASSIFIED

Page: 4

UNCLASSIFIED

Current Class: UNCLASSIFIED UNCLASSIFIED  
Current Handling: SBU  
Document Number: 2001BOGOTA02800

Page: 5

Channel: n/a

CALDERON ACKNOWLEDGED THAT MOST OF COLOMBIA'S OIL IS  
UNCLASSIFIED

PAGE 03 BOGOTA 02800 02 OF 03 271439Z  
NOT GOING TO BE FOUND IN SUCH LARGE FIELDS. HE STATED  
THAT ECOPETROL IS ALSO CREATING A REQUIREMENT STRUCTURE  
FOR EXPLORATORY BIDDING PROJECTS TO ATTRACT SMALLER OIL  
COMPANIES TO COLOMBIA'S LARGE NUMBER OF SMALL (LESS  
THAN 150 MILLION BARREL) FIELDS. THE KEY IN THIS  
SECTOR WILL BE TO ATTRACT CORPORATIONS WHICH ALREADY  
HAVE STRONG CAPITALIZATION PROGRAMS AND AVOID SOME OF  
THE "COWBOY" COMPANIES.

-----  
OXY AND THE CANO LIMON PIPELINE  
-----

6. (SBU) EXPLORATION VP PEREZ SAID THAT ECOPETROL SEES  
THE RECENT SPATE OF HITS ON THE OXY CANO LIMON PIPELINE  
(REFTEL) AS AN ELN REACTION TO THE DEFEATS SUFFERED  
DURING THE RECENT BATTLES WITH THE COLOMBIAN MILITARY  
IN THE BOLIVAR DEPARTMENT. PEREZ BELIEVES THAT THE  
BATTLES AND SUBSEQUENT DESERTIONS ARE CAUSING DISARRAY  
IN THE ELN HIERARCHY AND THE PIPELINE HITS ARE AN  
ATTEMPT TO ASSERT POWER BY THE ARAUCA BRANCH OF THE  
ELN. ECOPETROL IS ALSO CONCERNED WITH THE  
ENVIRONMENTAL DAMAGE BEING CAUSED BY THE SPILLS AROUND  
EACH PIPELINE HIT. ACCORDING TO PEREZ THE  
ENVIRONMENTAL ANGLE MAY BE THE MOST EFFECTIVE TOOL WITH  
WHICH TO ATTRACT INTERNATIONAL INTEREST AND  
CONDEMNATION OF THE SITUATION. ECOPETROL IS  
CONTEMPLATING AN ARTICLE ON THE HITS AND THEIR  
ENVIRONMENTAL EFFECTS IN AN INTERNATIONAL SCIENTIFIC  
MAGAZINE. WHEN ASKED ABOUT ALTERNATIVE PIPELINES TO  
CANO LIMON (WHICH HAS BEEN HIT OVER 40 TIMES IN 2001,  
FORCING OXY TO CEASE PRODUCTION FOR SIX WEEKS), PEREZ  
UNCLASSIFIED

PAGE 04 BOGOTA 02800 02 OF 03 271439Z  
STATED THAT ECOPETROL AND OXY ARE CONTEMPLATING A HOOK-  
UP TO THE VENEZUELAN PIPELINE ACROSS THE ARAUCA RIVER  
FROM CANO LIMON; AN OPERATION WHICH WOULD ONLY REQUIRE  
SEVEN KILOMETERS OF PIPE. FOR THE NEW EXPLORATION IN  
GIBRALTAR, HOWEVER, THE ONLY ALTERNATIVE SOLUTION WOULD  
BE THE OCENSA PIPELINE USED BY BP, 150 KM AWAY.  
BECAUSE THIS OPERATION WOULD BE VERY EXPENSIVE, IT  
WOULD ONLY BE CONSIDERED IF THE ATTACKS ON CANO LIMON  
CONTINUE AT THIS LEVEL AND GIBRALTAR HITS RESERVES  
LARGE ENOUGH TO MAKE IT FINANCIALLY FEASIBLE.

Current Class: UNCLASSIFIED

Page: 5

UNCLASSIFIED

Current Class: UNCLASSIFIED UNCLASSIFIED  
Current Handling: SBU  
Document Number: 2001BOGOTA02800

Page: 6

Channel: n/a

7. WITH REGARD TO THE CONTINUING NGO INTERESTS IN PROTECTING INDIGENOUS RIGHTS IN AREAS ADJACENT TO EXPLORATORY AND DRILLING FIELDS AND THE PIPELINES, CALDERON SAID THAT ECOPETROL HAS IN THE PAST ENGAGED RESPECTED NGOS AND ANTHROPOLOGISTS TO ASSESS THE AREAS AND THE PEOPLE LIVING IN THEM. ECOPETROL PLANS TO CONTINUE THIS PRACTICE AND TO FOLLOW THE RECOMMENDATIONS OF STUDY RESULTS. CALDERON ALSO EMPHASIZED THE IMPORTANCE OF THE EXPLORATION/PRODUCTION COMPANIES USING NGOS TO DO THEIR COMMUNITY LIAISON WORK BEFORE, DURING, AND AFTER EXPLORATION. HE CITED BP/AMOCO'S WORK IN ITS NISCOTA EXPLORATORY FIELD AS A STRONG EXAMPLE FOR OTHER COMPANIES SUCH AS OXY.

UNCLASSIFIED

UNCLASSIFIED PTQ5216

PAGE 01 BOGOTA 02800 03 OF 03 271439Z  
ACTION WHA-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CTME-00	INL-00	DINT-00
	DODE-00	ITCE-00	DOTE-00	SRPP-00	EB-00	EXME-00	E-00
	FAAE-00	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
	ITC-01	L-00	VCE-00	AC-01	NSAE-00	OES-01	OMB-01
	OPIC-01	PC-05	PM-00	PRS-00	ACE-00	SP-00	SSO-00
	SS-00	STR-00	TEST-00	TRSE-00	USIE-00	EPAE-00	PMB-00
	DRL-02	G-00	NFAT-00	SAS-00	/014W		

-----D7ABAD 271440Z /38

P 271429Z MAR 01  
FM AMEMBASSY BOGOTA  
TO SECSTATE WASHDC PRIORITY 0574  
INFO USDOC WASHDC  
DEPT OF ENERGY WASHDC  
AMEMBASSY LIMA  
AMEMBASSY CARACAS  
AMEMBASSY QUITO  
AMEMBASSY LA PAZ  
AMEMBASSY PANAMA  
CIA WASHDC  
DIA WASHDC  
NSC WASHDC  
USCINCSO MIAMI FL//

UNCLAS SECTION 03 OF 03 BOGOTA 002800

SENSITIVE

UNCLASSIFIED

Current Class: UNCLASSIFIED

Page: 6

UNCLASSIFIED

Current Class: UNCLASSIFIED UNCLASSIFIED  
Current Handling: SBU  
Document Number: 2001BOGOTA02800

Page: 7

Channel: n/a

PAGE 02            BOGOTA   02800   03 OF 03   271439Z  
STATE FOR WHA/AND, WHA/ESPC  
STATE PASS OPIC FOR DMORENESE  
STATE PASS EXIMBANK FOR AMERICAS DIVISION  
COMMERCE FOR 4331/IEP/OLA/AND/JANGLIN AND FOR  
3134/USFCS/IOI/WH/DLUTTER  
ENERGY FOR GARY WARD AND ERIKA BENSEN

E.O. 12958: N/A  
TAGS: EPET, ENRG, ECON, CO  
SUBJECT: AMBASSADOR AND ECOPETROL PRESIDENT DISCUSS  
FUTURE OF OIL SECTOR

-----  
NATURAL GAS  
-----

8. (SBU) CALDERON EXPRESSED CONTINUED SUPPORT FOR THE  
NATURAL GAS PRICING BILL CURRENTLY IN THE SENATE. HE  
STATED THAT THE OPPOSITION, LED MAINLY BY THE ENERGY  
REGULATORY COMMISSION (CREG), IS NOT TAKING INTO  
ACCOUNT THAT WHEN THE CURRENT PRODUCTION CONTRACTS RUN  
OUT ECOPETROL WILL BE RUNNING THE GAS WELLS, THUS ITS  
PROFITS AND CONTRIBUTIONS TO THE NATIONAL BUDGET WILL  
BE CUT IN ORDER TO SUSTAIN THE CURRENT SUBSIDIZED GAS  
PRICE THE CREG DEMANDS. CALDERON ADDED THAT THE BILL  
WAS ALMOST KILLED IN THE SENATE ON MARCH 20, BUT ENERGY  
MINISTER VALENCIA SAVED IT BY REQUESTING THAT IT BE  
SENT BACK TO THE FIFTH COMMITTEE (ENERGY) FOR FURTHER  
STUDY. ACCORDING TO CALDERON, THIS WILL ALLOW THE NEW  
MINISTER TIME TO CREATE THE CONSENSUS NECESSARY TO PASS  
THE BILL.

UNCLASSIFIED

PAGE 03            BOGOTA   02800   03 OF 03   271439Z

-----  
COMMENT  
-----

9. (SBU) CALDERON CONTINUES TO BE A POSITIVE INFLUENCE  
ON COLOMBIA'S OIL SECTOR. HIS LONG-TERM VIEW OF  
COLOMBIA'S ECONOMY AND OIL'S ROLE IN IT ENSURES THAT  
FOREIGN INVESTORS WILL HAVE A POSITIVE ROLE TO PLAY.  
OTHER OIL SECTOR ANALYSTS STATE THAT CALDERON IS A  
LITTLE CONCERNED REGARDING THE NEW ENERGY MINISTER, WHO  
COMES FROM THE PUBLIC UTILITY SECTOR. CALDERON IS SEEN  
AS BIDDING HIS TIME TO DETERMINE HOW MUCH SUPPORT HE  
WILL GET FROM THE MINISTRY FOR SOME OF HIS MORE  
AGGRESSIVE PROMOTION PROJECTS. END COMMENT.

Current Class: UNCLASSIFIED

Page: 7

UNCLASSIFIED

Current Class: UNCLASSIFIED UNCLASSIFIED  
Current Handling: SBU  
Document Number: 2001BOGOTA02800

Page: 8

Channel: n/a

PATTERSON

UNCLASSIFIED

<< END OF DOCUMENT >>

Current Class: UNCLASSIFIED

Page: 8

UNCLASSIFIED